

# opening doors to homeownership



Purchasing a home is one of the most powerful investments a family can make in its future. Yet, in many parts of the country, the cost of homeownership is increasingly out of reach. Manufactured housing has opened the door to homeownership for millions of families, but only part of the way. Through the Innovations in Manufactured Homes (I'M HOME) initiative, the Corporation for Enterprise Development (CFED) and its partners are working to enable owners of manufactured homes to enjoy benefits from homeownership, including asset appreciation, comparable to those enjoyed by owners of site-built homes.

Launched in January 2005 with major funding from the Ford Foundation, I'M HOME seeks to safeguard the wealth-building promise of homeownership for the approximately 10 million American families living in manufactured housing. The multi-year program will address market gaps and policy issues related to the ways the homes are sold, financed and treated under the law.

## I'M HOME

Innovations in Manufactured Homes

## I'M HOME in Montana

The Montana HomeOwnership Network, Inc. (MHN) is a partnership of local Montana organizations dedicated to providing homeownership opportunities to hard-working Montanans. MHN works with local service partners throughout the state to provide homebuyers education, homeownership planning, one-on-one housing counseling, loans for downpayment and closing costs, due-on-sale loans for "gap financing," and development of new owner-occupied and rental homes. MHN has helped 3,351 families become homeowners in the past 10 years. MHN is a chartered NeighborWorks organization.

MHN has received I'M HOME funding to develop up to four 10-unit subdivisions, providing

much-needed quality housing in rural markets where construction costs often exceed appraisal values for site-built homes. All of the subdivisions will be located in rural parts of the state, and, in two of the communities, the network will partner with the local Tribal Housing Authority.

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MHN is also involved in a park conversion to resident ownership in

Red Lodge, Montana. Threatened by redevelopment, MHN – with the Montana Board of Housing, Carbon County, the City of Red Lodge and park residents – arranged to purchase the park and then transfer ownership to the resident group after infrastructure and design improvements. Thirty-two residents, mostly low-income, now have security of ownership of their lots and the ability to improve their homes and lives.





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CFED expands economic opportunity by helping Americans start and grow businesses, go to college, own a home, and save for their children's and own economic futures. We identify promising ideas, test and refine them in communities to find out what works, craft policies and products to help good ideas reach scale, and develop partnerships to promote lasting change. We bring together community practice, public policy and private markets in new and effective ways to achieve greater economic impact. Established in 1979 as the Corporation for Enterprise Development, CFED is a nonprofit organization that works nationally and internationally through its offices in Washington, DC; Durham, North Carolina; and San Francisco, California. [www.cfed.org](http://www.cfed.org)

Montana real estate prices have doubled in the past 10 years. With escalating land prices and a lack of builders, affordable housing is downright hard to find. The Montana HomeOwnership Network has been working with both the Salish-Kootenai Housing Authority and the City of Shelby to fill this gap in available new homes.

On the Salish-Kootenai Reservation, enrolled tribal members are purchasing manufactured homes located in a subdivision owned by the Housing Authority. Depending on income, tribal members may lease the land, further reducing the cost of the home. The first Salish-Kootenai family to move in is a retired couple in need of a home with wider doors and bathrooms to allow for wheelchair access to all areas. Their new home accommodates these requirements and allows them to live on the reservation near family

and friends, in a maintenance-free, accessible home, priced at a level that they could afford to purchase.

In Shelby, manufactured homes are also being employed to improve quality of life. More than 400 workers drive to the town every day, spending their wages on gasoline and their time on the road because they cannot find homes in Shelby. The City of Shelby wants to provide homes for their commuting workers, and at the same time, city leaders would like to spruce up older neighborhoods. Soon Shelby will have 10 new families, living in brand new manufactured homes at prices they can afford. The homes will be located on in-fill lots – provided by the city after the existing substandard buildings are removed – to increase density and improve neighborhoods. These new residents will enjoy more disposable income and leisure time because they will not have to travel long distances to get to work.

Good afternoon. Thank you chairman Arntzen for giving us the opportunity to share our knowledge on the State of Housing in Montana. I am Kathleen Schulte, the CEO of the Northwest Montana Association of REALTORS, representing Participants of the five counties in NW MT who are involved in assisting their clients to achieve the American Dream of owning a home. At the National level we have seen the results of the lack of strong regulation with Fannie Mae and Freddie Mac and GSE governance. We have witnessed the failure of mortgage brokers and lenders to assure that they offer good loans to qualified home buyers. We have seen loan packages sold for values that were not actually true values. We have witnessed massive mortgage and finance fraud. It hurts!

As we testify today, in Montana we can congratulate the majority of our local mortgage brokers and lenders as well as our state regulators. We have not seen the massive corruption that other areas in the nation have seen. However, many of our homeowners in Montana procured their loans from nationwide lenders. Loans were packaged and sold often to a note holder not even known to the homeowner. It is with regret that we are witnessing the national failures reach our Montana citizens. It is affecting their home values and their monthly mortgage rates. Job loss in our communities makes it impossible for some families to make their mortgage payments. Our members are working with homeowners who need to sell because they can no longer make their payments. Owners are forced into prices that create short sales (selling below the mortgage balance) and some are being forced into foreclosure when their home values are so far below the balance owed that a new buyer cannot make a deal with the lender for even a short sale. It breaks your heart to try and help these Montana families when they were so close to achieving their dream just a short time ago. This is a part of the State of Housing in Montana.

Montana is being swept up in the nation's sorry housing finance system in spite of local lenders who were working hard to get qualified borrowers into good housing. We and you have a vital housing mission role to play in helping our local economies as well as the American Dream for many of our Montana families. There must be a smooth supply of reasonably priced mortgage credit. The fraud that penetrated the mortgage industry needs to be stamped out at all levels. Land in our communities must be opened up for developers to build low cost housing without the burdens of high impact fees, over-priced water and sewer hook-up fees and overprotective regulatory restrictions that continue to raise the cost of housing. Already developed areas need to be allowed to go with higher densities where there are infrastructures that can support additional populations. Programs that counsel and educate lenders, mortgage brokers, REALTORS, housing counseling agencies and home buyers need to be sponsored and supported. Affordable housing programs offered to Montana home buyers should apply to more than 1<sup>st</sup> time home buyers. We are facing a statistical category of Montana families that have lost their homes that will need housing and will not qualify as a 1<sup>st</sup> time buyer. Many of these families were maintaining good credit and making payments when job loss and the economic turn changed their options. Programs designed for these families need to be created and supported. In our Montana markets you can still own a 3 bedroom 2 bath home and a yard in Northeastern Montana for under \$60,000 when the same home in other Western and Central locations can cost upwards of \$160,000. FHA and VA loan limits must accurately reflect specific markets. Regional adjustments in FHA and VA guaranteed loans help working families in higher cost areas qualify for equal homes. It expands access to FHA and VA mortgages. Veterans, teachers, firefighters, and police officers are examples of working families who stand to benefit from

keeping accurate statistics on home values in each area. Regional limits help existing, middle income homeowners move into more suitable homes to accommodate growing families. By making it affordable for homeowners to move up the housing ladder, specific regional adjustments also help make more affordable homes available for first-time homebuyers. We need to stay on top of statistical data in our vast state and furnish the numbers that will help ensure that the loan limits work for our Montana families. Greater access to GSE, FHA, and VA mortgages promote homeownership in a safer, more sustainable way.

What can you do as legislators?

- Make sure that you do not approve legislation that will raise the cost of home ownership in Montana unless that legislation very honestly is for the protection of its citizens and not just someone's way to close the gate on others who come after them.
- Ensure that programs to educate, counsel and inform Montana families and those in the housing industry exist with enough abundance to meet the needs of our citizens.
- Maintain and create affordable housing programs with Montana communities.
- Prosecute those who do business in Montana and who bring their fraud to our families. Bring them to task and close the door to their opportunity to plunder Montana families.
- Be aware that allowing appraisals of our properties by appraisers who do not operate or live in our communities or even our state; who simply give numbers to National lenders to facilitate loans can result in inaccurate evaluations causing distress to our families. I have firsthand knowledge of this disturbing practice. They are driving our good appraisers out of business.
- Be aware that issuing Montana real estate broker and salesperson licenses to people who do not live in or do business in Montana and who are not aware of our land use regulations (other than what they needed to pass one test) may be raising the cost of marketing homes and may be misrepresenting reality to innocent purchasers.
- Make sure that property tax appraisals adjust with the market and that your families are not being taxed on values that their property no longer maintains.
- Maintain and create programs that reward homeowners for "going green" and for volunteering time to charities in their communities. Tax credit for work!
- Do not approve statutes that allow communities to further tax homeowners. You know what I mean here: those communities that propose legislation to raise fees and put more hoops in front of homeowners thus increasing their monthly debt and forcing them out of home ownership. Be vigilant about costs that bills eventually bring to your Montana homeowner families! Growth can create revenues for communities and cities to operate; but local governments cannot put over burdensome fees on the homeowner and expect their economies to survive.

Thank you for all these things you already do and for listening to us today, for caring enough to hold this hearing and for being in office and representing our Montana families. REALTORS of Northwest Montana are available when you need our data and our assistance.

We are your partners in housing! Together we can make a difference!

Kathleen Schulte,

CEO of Northwest Montana Association of REALTORS

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*"The voice of real estate in Northwest Montana."*

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EXHIBIT 12  
DATE 3-19-09  
HB Housing Summit

City	No. of Residential Sales					Median Sales Price					Total Sales				
	2000	2005	2008	2000	2005	2008	2005	2008	2009*	2000	2005	2008	2009*	2000	2009*
Bigfork:	166	246	98	\$164,500	\$295,700	\$322,500	\$274,950	\$44,286,193	\$95,374,894	\$47,383,550	\$1,973,000	\$2,632,600	\$12,052,450	\$25,181,667	\$1,064,200
Columbia Falls:	150	244	139	\$95,000	\$194,750	\$202,000	\$162,300	\$16,805,462	\$58,675,705	\$32,059,241	\$2,632,600	\$12,052,450	\$25,181,667	\$1,064,200	\$1,064,200
Kalispell:	619	834	521	\$116,000	\$192,000	\$213,300	\$175,000	\$83,325,367	\$207,314,515	\$129,254,355	\$12,052,450	\$25,181,667	\$1,064,200	\$1,064,200	\$1,064,200
Lakeside:	82	94	49	\$216,500	\$263,250	\$335,000	\$237,150	\$26,332,500	\$44,598,900	\$105,848,838	\$5,044,875	\$2,838,400	\$729,500	\$2,838,400	\$729,500
Whitefish:	278	339	198	\$145,000	\$309,000	\$305,000	\$185,000	\$63,955,755	\$151,370,466	\$49,153,783	\$2,838,400	\$729,500	\$729,500	\$729,500	\$729,500
Lake County:	238	378	163	\$141,700	\$205,000	\$220,000	\$163,500	\$48,334,890	\$119,104,320	\$49,153,783	\$2,838,400	\$729,500	\$729,500	\$729,500	\$729,500
Lincoln County:	41	147	79	\$80,000	\$150,000	\$244,800	\$160,000	\$4,476,556	\$31,735,933	\$21,721,860	\$729,500	\$729,500	\$729,500	\$729,500	\$729,500

\*2009 stats are YTD 3/17/09

Solds for Same Timeframe 1/1 through 3/17

City	No. of Residential Sales			
	2000	2005	2008	2009
Bigfork:	20	39	14	6
Columbia Falls:	15	32	27	15
Kalispell:	86	91	94	54
Lakeside:	5	13	6	4
Whitefish:	49	47	32	15
Lake County:	34	46	35	14
Lincoln County:	5	24	21	5